

Statement of
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before the
Subcommittee on Conventional and Alliance Defense,
the Subcommittee on Manpower and Personnel
and the Subcommittee on Readiness, Sustainability, and Support
Committee on Armed Services
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I appreciate the opportunity to testify today on the costs and effects of transferring portions of the active Air Force to the part-time reserve forces. The Congress has frequently considered such transfers because they offer cost savings without changing the numbers of forces available to the United States in the event of a major war.

My testimony examines three options that would transfer 125, 149, and 305 aircraft, respectively, from active to reserve forces. The largest of these options would reduce operating costs by \$320 million a year. While these savings represent only a small fraction of the total defense budget, they roughly equal the operating savings that would be achieved by eliminating two Air Force wings. Thus, they compare favorably with the operating savings associated with major changes in the number of forces.

My statement first provides background on Air Force missions and current Administration plans for Air Force aircraft. I will then discuss in some detail the savings associated with the three transfer options, as well as their various advantages and disadvantages.

BACKGROUND

In time of war, the forces of the U.S. Air Force would perform a variety of missions, three of which would be affected by options I will soon discuss. The first mission--termed the general-purpose forces mission--involves attacks on enemy aircraft in the air and on enemy targets on the ground in all except strategic nuclear conflicts. The second--or tactical airlift mission--involves transporting troops and equipment within military theaters. The third--or tanker mission--requires providing fuel to combat aircraft while they are in flight.

Many different types of aircraft carry out these missions. The A-10 aircraft and the F-16 aircraft are among the general-purpose forces. The A-10 aircraft attacks ground targets near the area of combat. The F-16 aircraft attacks targets in the air and on the ground. The airlift mission uses aircraft such as C-130s. Still other Air Force planes--for example the KC-135 aircraft--carry out the tanker mission.

The majority of the aircraft performing these missions are in the active Air Force. Today, about two-thirds of the general-purpose forces are in the active Air Force, as are about three-quarters of the tankers and roughly two-

fifths of the tactical airlift aircraft. Active aircraft are manned by personnel who are available fulltime in peacetime.

The remainder of the aircraft that perform these three missions are in the reserve forces, either the Air National Guard (ANG) or the Air Force Reserve (AFR). (I will use the term "reserve forces" to refer to both the ANG and AFR.) Reserve forces train regularly but only part time during peacetime. In time of conflict, the President can call them to active duty. However, call-ups of more than 200,000 reserve personnel--or call-ups for periods longer than 180 days--require the approval of the Congress.

Aircraft in both the active forces and the reserves are organized into air wings. Air wings in the active forces of the general-purpose forces typically consist of 72 aircraft actually available for combat duty (called primary authorized aircraft or PAA). A wing usually contains three squadrons, each with 24 PAA aircraft. Additional aircraft are maintained outside wings and are either undergoing maintenance or are used for training. Tankers and airlifters are also organized into wings and squadrons, though they are smaller in size. Active tanker squadrons usually have 13 to 16 aircraft. An active airlift squadron typically contains 16 planes.

Wings and squadrons in the reserve forces frequently contain fewer aircraft than their active counterparts. About two-thirds of the general-purpose squadrons in the reserve forces contain 18 aircraft, rather than the 24 aircraft typically found in active squadrons. Similarly, many tanker and airlift squadrons have fewer aircraft than do active squadrons.

CURRENT ADMINISTRATION PLANS

The Administration currently plans to increase the number of reserve squadrons that contain fewer aircraft than do active squadrons. To provide some of the savings needed to meet fiscal year 1989 budget constraints, the Administration agreed to reduce the size of the Air Force from roughly 38 to 35 wing equivalents. Two of the wing equivalents are to be removed from the active forces; one is to come from reserve forces. The Administration plans to achieve the reduction in reserve forces not by eliminating an air wing, but rather by cutting the numbers of aircraft in each of eight reserve squadrons and by phasing one squadron out of the forces devoted to the general-purpose mission.

These small reserve squadrons are expensive. Because of overhead expenses, it costs the reserves 17 percent more to operate 72 aircraft in four

squadrons of 18 aircraft than it would cost them to operate those same aircraft in three squadrons of 24 aircraft.

The same general cost relationships would also apply to the active forces. That is, it would cost the active Air Force more to operate the same number of aircraft in smaller squadrons than in larger squadrons. As I just noted, the Air Force has agreed to reduce by two the number of wing equivalents in the active forces, but it has not yet made clear how it will accomplish these reductions.¹ If they are accomplished by reducing the number of aircraft in squadrons, savings will be substantially less than if they are carried out by eliminating squadrons.

CBO'S CRITERIA FOR DESIGNING ALTERNATIVES

The Congressional Budget Office examined three alternatives that would cut active force levels and transfer the aircraft and their missions to the Air National Guard and, in two of the options, to the Air Force Reserve. These options would reverse current Administration plans to reduce the size of the

1. Reductions in active forces were initially to be made by deactivating the 401st Tactical Fighter Wing (TFW) at Torrejon Air Force Base in Spain and the 474th TFW at Nellis Air Force Base in Nevada. It now appears that the 401st TFW will be retained at a new base in Crotone, Italy. CBO was not able to ascertain how the Air Force plans to compensate for retaining the 401st TFW.

reserve forces and instead would increase the reserve's size. The options range from one that would transfer about 125 aircraft into the ANG to one that would transfer 305 planes into the ANG and AFR.

The Air Force would have to resolve details of the transfers, including the specific units that would lose and receive aircraft. But all the options are designed to meet criteria that seem reasonable if such transfers are to be carried out. As I noted earlier, reserve aircraft squadrons often contain fewer aircraft than their active counterparts--an expensive practice. To increase efficiency and savings, instead of creating new squadrons, aircraft transferred from the active forces are always used to increase the number of aircraft in reserve squadrons--a practice the Pentagon terms "robusting." Conversely, aircraft are eliminated from the active forces by cutting out entire squadrons so as to pare overhead costs.

CBO also followed two other principles in designing its options. First, it left the distribution of aircraft by mission unchanged. In other words, if aircraft used in the airlift mission were eliminated from the active forces, then we increased airlift squadrons in the reserve forces by an equal number of aircraft. Also, the options assume that some of the forces eliminated from active duty would come from forces stationed overseas. Because the ratio of active forces based in the United States to those based overseas would not

increase significantly, this adjustment would avoid large increases in the time that active-duty personnel would have to spend overseas.

OPTION I: TRANSFER 125 AIRCRAFT TO THE AIR NATIONAL GUARD

Option I reduces the active air force by 125 aircraft and uses most of them to increase the size of 26 squadrons in the Air National Guard (see Table 1). This option would leave the Guard larger than it is today, reversing current Administration plans to cut the size of the Guard by reducing the number of aircraft in some of its squadrons.

Specifically, Option I would remove from the active forces one squadron of A-10 aircraft and three squadrons (one wing) of F-16 aircraft. The option would also remove a squadron of KC-135 tanker aircraft and a squadron of C-130 airlift aircraft. Except for the three F-16 squadrons, all the squadrons to be removed are assumed to be forces now based in the continental United States. The three squadrons of F-16 aircraft are assumed to be based in Europe.

TABLE 1. DESCRIPTION OF OPTIONS

	Active <u>b/</u>	Number of Aircraft (PAA) ^{a/}		Number of Active-Duty Squadrons			Number of Reserve Squadrons with Increased Numbers of Aircraft	
		Air National Guard	Air Force Reserve	General Purpose Mission	Tanker Mission	Tactical Airlift Mission	Air National Guard	Air Force Reserve
Current Administration Plans ^{c/}	2,400	900	350	75	35	12	n.a.	n.a.
Changes Under:								
Option I	-125	124	0	-4	-1	-1	26	0
Option II	-149	112	36	-5	-1	-1	24	6
Option III	-305	256	48	-12	-1	-1	30	8

SOURCE: Congressional Budget Office estimates using Air Force data.

NOTE: n.a. = not applicable.

- a. Numbers reflect only those types of aircraft affected by options.
- b. One active-duty aircraft is assumed to be retired under all the options.
- c. Numbers are for 1991 and reflect changes announced in the budget submitted in January 1989.

This option would use aircraft transferred from the active forces to increase the numbers of planes in 26 Guard squadrons--16 of them the general-purpose forces of the Air National Guard. This approach would increase the reserve's share of the general-purpose mission by about 37 percent, compared with 33 percent under Administration plans (see Table 2).

Option I would also use aircraft transferred from the active forces to increase the size of 6 of the Guard's KC-135 tanker squadrons from 8 to 10 aircraft. Although the reserve's share of tanker aircraft rises only from 22 percent to 24 percent, this approach would increase the number of "alert" aircraft available to U.S. commanders. (Alert aircraft are fully manned and ready to perform their mission with minimal delay.) The Guard argues that adding two tankers per squadron would enable each ANG tanker squadron to keep an additional plane on alert, thus increasing the number of ANG alert aircraft by at least six. Since the deactivated squadron in the active forces would have only had three to four planes on alert, Option I results in an increase of two to three alert planes.

Finally, Option I increases the number of aircraft in four tactical airlift squadrons from 8 C-130 aircraft to 12 aircraft. The reserve share of the airlift mission would thus rise from planned levels of 62 percent to about 65 percent.

TABLE 2. EFFECTS OF OPTIONS ON COSTS AND SELECTED OTHER MEASURES

	Savings Relative to Administration Plans (In millions of current dollars)		Percentage of Forces in Reserves (General purpose mission)	Air Forces Stationed in Europe (In wing equivalents)	Percentage Reduction in 1994 for Pilot Shortfall a/
	Annual b/	Total 1990-1994 c/			
Current Administration Plans	n.a.	n.a.	33	8.3	n.a.
Option I	180	830	37	7.3	7
Option II	200	920	38	7.3	9
Option III	320	1,420	44	6.8	15

SOURCE: Congressional Budget Office estimates using Air Force data and models.

NOTE: n.a. = not applicable.

- a. Change is relative to shortfall currently predicted by Air Force.
- b. Annual savings are for 1991, by which time changes are assumed to be fully in effect.
- c. Total savings (net of added costs of construction), assuming all changes are made by the end of 1990.

Savings

When fully carried out, this alternative would result in savings of about \$180 million a year in operating and support costs (see Table 2).² Guard squadrons are cheaper because they fly fewer hours and make greater use of part-time personnel. Savings also occur under Option I because squadrons and their overhead are eliminated from the active forces, but no new squadrons are added in the Guard. This shift toward fewer squadrons allows the Guard squadrons to absorb the added aircraft with about 2,800 additional personnel (including about 2,090 part-time and about 250 full-time military personnel and about 460 civilians). At the same time, the active forces would lose about 4,210 personnel associated with the transferred squadrons (see Table A-1 in the backup material to my testimony).

This option would entail some one-time added costs for moving units into the Guard and for building new facilities needed at some Guard bases. According to the Guard, these costs would amount to about \$20 million in 1990, including about \$10 million that would have otherwise been spent in

2. All of the operating savings presented in this statement are estimated using an Air Force model--Systematic Approach to Better Long-range Estimation, or SABLE. This model is the only one available that provides estimates for options that involve adding aircraft to Guard squadrons. Moreover, SABLE (or its predecessor) has frequently been used by the Air Force to estimate costs of options similar to those in this statement. The SABLE model, however, does not produce the detail associated with the most accurate budget numbers. Nor do all the categories of costs in the SABLE model match similar categories in the annual budget submissions.

1991 through 1994 but under this option would have to be expended in 1990 (see Table A-2). Assuming that all transfers are accomplished by the end of 1990, net savings over the five years would total about \$830 million (see Table 2).

Savings under Option I are only a small fraction of the total defense budget. These small savings occur in part because CBO assumes no change in procurement costs. To minimize adverse effects on capability, we assume that Guard units receiving aircraft under this option will be provided with the same modern equipment that would have been given to the active units that are to be eliminated. Even the operating savings are modest because of the substantial costs associated with operating a Guard unit. An F-16 squadron in the Guard costs about 80 percent as much to operate as does a squadron of the same size in the active forces.

On the other hand, because of the efficiencies inherent in increasing the size of reserve squadrons, operating savings under Option I roughly equal the operating savings that would be achieved by eliminating three squadrons (an entire air wing) from the active forces. Eliminating three squadrons could eventually reduce procurement costs, thus adding substantially to savings. In terms of operating costs, however, the savings from Option I

compare favorably with those that would be achieved by substantially reducing the number of forces.

Sensitivity of Savings

Savings could be less--and might even disappear altogether--if Option I were carried out in other ways. If, for example, the Air Force put this alternative into effect but avoided reducing the number of active-duty personnel--perhaps by arguing that these personnel are needed for other missions--then savings would be eliminated and the option would actually add to costs (see Table A-3). Savings would also be much lower if reducing the number of active aircraft were accomplished by cutting the number of aircraft in squadrons rather than by eliminating entire squadrons. Reducing the number of aircraft in active squadrons would leave unchanged many of the fixed costs that are part of the savings assumed in my testimony. Finally, the savings under Option I would be lower if CBO had used a different assumption--namely, that the F-16 aircraft to be eliminated from the active forces were based in the continental United States rather than in Europe. European-based forces fly more and have higher operating costs.

On the other hand, changes in assumptions could produce savings for Option I that are higher than those in Table 2. For example, additional savings would result if the Air Force were able to close an overseas base by deactivating the F-16 wing based in Europe. The magnitude of these savings would vary widely depending on which base was closed. Costs might also be avoided if the KC-135 tanker aircraft transferred to the Guard received a less expensive modification of its engine. This less expensive modification is called the "E" version, and it has been performed on other Guard tankers in place of the more expensive modification (the "R" version) that active tankers are now receiving. "E" modifications cost only about 20 percent as much as "R" modifications, though they also provide less of an increase in capability.

Effects on Military Capability and Manning of Forces

At this point, I will discuss at some length the effects of Option I on manning of forces and on military capability. Because many of the same arguments apply to the other two options in my testimony, I will refer back to this discussion in later parts of my statement. On balance, the arguments I will present suggest that Option I would reduce military capability, but only by a modest amount.

Numbers of Forces. Transfers of forces from the active forces to the reserves do not change the number of aircraft available to the United States when they would be needed most--in the event of a major war preceded by mobilization of the reserves. This factor is one key advantage of such transfers.

Capability. On the other hand, because reserve units do not maintain proficiency in multiple missions, they may be less capable than active units. For example, some F-16 pilots in the active forces practice the tactics needed to carry out attacks against both enemy aircraft and ground targets. These same pilots may also practice the tactics needed to deliver shorter-range or tactical nuclear weapons. Because they fly less, F-16 pilots in the reserves usually develop or maintain proficiency in only one of these missions, and no reservists currently practice the delivery of tactical nuclear weapons.

The advantage offered by training active forces in multiple missions might, however, be limited because of the complexity of missions. This complexity could keep active pilots from becoming truly proficient in more than one mission. The Air Force may also not be able to afford enough munitions to enable each active aircraft to carry out multiple missions effectively.

Moreover, in the missions for which they do train, reserve forces often demonstrate performance comparable to their active counterparts. Indeed, in some cases, reserve forces have performed better in military exercises. Years of military experience account for this seeming anomaly. Reserve pilots typically have completed a number of years of active duty before joining the reserves and have flown substantially more hours than active pilots. Hence, they require fewer flying hours per month to maintain their proficiency. Reserve maintenance personnel also require less training since they, too, are usually more experienced than their active-duty counterparts.

Whatever one concludes about the relative capability of reserve and active air forces--and it is a contentious issue--the effects of Option I on overall capability should be modest if only because the shift in forces is modest. For the largest of the three missions involved in the transfer--general purpose forces--Option I would increase the portion of forces in the reserves from 33 percent to 37 percent, an increase of about 12 percent.

Speed of Mobilization. In addition to questions of capability, there is also the issue of whether Guard forces would be called up to go to war on short notice. The President--and in the case of large call-ups, the Congress--must act explicitly to call the reserves to active duty. In a period of high tension that would probably precede any major war, the President might be reluctant

to step up wartime preparations by calling up reserve forces. Thus, in a major war, reserve forces might become available later--and perhaps significantly later--than forces maintained on active duty.

These problems, however, already exist. Roughly half of the 60 fighter squadrons scheduled to be deployed to NATO within 10 days of the decision to mobilize for a major war are reserve squadrons. Option I would increase dependence on the reserves by about 12 percent.

Forward Deployments. To avoid lengthening the time active-duty personnel spend overseas, Option I would eliminate one of the 8.3 wing equivalents of general-purpose aircraft that the United States currently has stationed in Europe (see Table 2). In the event of a surprise attack by the Warsaw Pact, or if NATO is slow to respond to warnings, such a reduction would leave NATO with fewer forces in place to fight a war. The implications of this reduction are difficult to quantify, but we do know capability would be reduced in the early days of a sudden war.

Moreover, carrying out this option could affect the timely transportation of military cargo back to Europe in the event of a major war. The aircraft I am discussing can fly to Europe on their own if they are accompanied by tanker aircraft to provide them fuel while in flight. But

spare parts, test equipment, and other items critical to successful flight operations would have to be transported by cargo aircraft, which would probably be in short supply in the early days of a major war. Even under this option, items needed by tactical aircraft are likely to enjoy sufficiently high priority to guarantee their timely shipment. However, air transport of other critical military materiel--including items needed for the ground war--might be delayed.

Finally, some strategists would argue that the United States should not withdraw U.S. aircraft from Europe before negotiating an agreement with the Soviet Union to make offsetting reductions in its forces. The United States, however, has so far refused to consider reducing its aircraft as part of the conventional arms negotiations currently under way.

Effects on Recruiting. Transfers to the reserves could affect not only wartime capability but also the peacetime management of the active and reserve forces. For example, if carried out to a sufficient degree, transfers from the active forces to the reserves could harm the ability of the reserves to recruit. Typically, reserve personnel gain experience during a period of active duty and then leave to join the reserves. If the active forces are cut too much, the result might be a shortage of trained persons available to join the reserves. Currently, however, most reserve forces are not having difficulty

recruiting experienced personnel, and it seems unlikely that the modest transfers carried out under Option I would create any new problems.

Moreover, Option I would help solve one existing problem. The Air Force argues that its active forces are currently short of about 200 experienced pilots. According to the Air Force, that shortage will grow to almost 3,000 pilots by 1994, largely as a result of increased hiring by commercial airlines. Option I would require 218 fewer active-duty pilots, thus eliminating the current shortfall of experienced pilots and reducing the 1994 shortfall by about 7 percent (see Table 2).

Nor is it likely that this transfer would cause a shortfall of pilots in the reserves. At present, the reserve forces are having no trouble recruiting and retaining experienced pilots. Because Option I reverses planned reductions in reserve forces, the option would only require that the reserves recruit an additional seven pilots a year--about 1 percent of the number currently recruited.

Time Spent Overseas. Transfers of active aircraft to reserve forces could increase the time active-duty personnel must spend overseas. The Air Force argues that it wants no more than about 40 percent of its aircraft stationed outside the continental United States. On average, such a limit would permit

those Air Force active-duty personnel assigned to air units to spend no more than 40 percent of their careers overseas. While apparently little empirical evidence exists relating increased time overseas to low retention, this issue is still of concern to the active Air Force.

Because it assumes the withdrawal of a wing of F-16s from Europe, the share of F-16 aircraft deployed overseas would fall from 43 percent under current plans to 38 percent--an improvement that would allow this type of aircraft to meet the Air Force goals. On the other hand it would increase that fraction for some types of aircraft. For A-10 aircraft, for example, the proportion of aircraft based overseas would rise from its current 38 percent to a level of about 42 percent, above the Air Force's desired level of 40 percent (see Table 3).

In sum, Option I would increase reliance on the reserves by about 12 percent. Certain factors suggest such a transfer would reduce capability, by including less time for reserves to train in multiple missions, and raise concerns about timely mobilization in the event of war. But transfers to the

TABLE 3. PERCENTAGES OF AIRCRAFT STATIONED OVERSEAS

	<u>Type of Aircraft</u>		
	A-10	F-16	F-111
Current Administration Plans	38	43	59
Option I.	42	38	59
Option II.	45	38	59
Option III.	45	45	53

SOURCE: Congressional Budget Office estimates using Air Force data.

reserves leave the military with the same numbers of forces when they are needed most--in a major war. Moreover, they offer other benefits, including a high level of experience, that suggest that reductions in capability would be modest.

OPTION II. TRANSFER 149 AIRCRAFT TO THE GUARD AND RESERVE

The second of CBO's three options is designed to illustrate the effects of transfers to both the Air National Guard and the Air Force Reserve. Under Option II, the active forces would lose seven squadrons and 149 aircraft--one more squadron of A-10 aircraft than they lost under Option I. Option II uses 36 of these aircraft to increase the size of 6 squadrons in the Air Force Reserve and 112 aircraft to increase the size of 24 squadrons in the Air National Guard.

Savings

Once Option II is fully carried out, operating savings would average about \$200 million a year--slightly more than savings under Option I. After deleting added costs of military construction, net savings would amount to about \$920

million over the next five years. The comments made in connection with Option I about the source of the savings, and the sensitivity of savings to differing assumptions, apply equally to this option.

Military Capability and Manning of Forces

In terms of military capability and manning of forces, Option II brings its advantages and disadvantages to another category of military force--the Air Force Reserve. In most other respects, arguments for and against this option are identical to those under Option I; at most, they change in degree. For example, Option II would reduce requirements for pilots by about 250, eliminating 9 percent of the expected 1994 shortfall, compared with Option I which eliminated 7 percent. Option II would increase the proportion of A-10 aircraft based in Europe to 45 percent, compared with 42 percent under Option I.

OPTION III: TRANSFER 305 AIRCRAFT TO THE GUARD AND RESERVE

Option III illustrates a significantly larger transfer, taking 305 aircraft out of the active Air Force and using them to increase squadron sizes in the Air National Guard and the Air Force Reserve. This approach would exhaust most opportunities for increasing the sizes of reserve squadrons. Any further transfers would require creating new reserve units or making a major shift in the nature of some units (for example, a transition from flying multiengine transport aircraft to flying jet fighter aircraft).

Specifically, Option III would eliminate 14 active squadrons. These would include eight F-16 squadrons (including three squadrons based in Europe), two A-10 squadrons, and two squadrons of the F-111 medium-range bomber (both based in Europe). Of the 305 aircraft transferred out of the active forces, 256 would be placed in the Air National Guard and 48 in the Air Force Reserve. This transfer would allow 30 Guard squadrons, and 8 squadrons in the Reserve, to receive a larger number of aircraft. Under this option, reserve forces would have about 44 percent of the mission of general-purpose forces, compared with 33 percent today.

Savings

If Option III were fully carried out, the operating savings would average about \$320 million per year. Additional construction costs would total about \$100 million in 1990, including about \$20 million of funds that would otherwise have been spent in the 1991-1994 period, but under this option would have to be expended in 1990. Net savings over the next five years would total about \$1.4 billion.

Manpower savings are an important contributor to these reductions in costs. Under Option III, the active forces would have about 10,000 fewer people (see Table A-1). The reserve forces would be larger by about 7,300 part-time personnel, 1,700 full-time civilians, and 700 full-time military personnel. These 700 military personnel would be active guard or reserve (AGR) personnel whose numbers are limited by the Congress. Thus, this option would require an increase in the ceiling on AGR personnel.

Capability and Force Manning

The general advantages and disadvantages discussed in connection with Option I apply to Option III as well. But the larger transfer of forces that

would take place under this option heightens concern about some of the possible problems associated with transfers of active to reserve forces. Under Option III, the largest mission I have discussed in my testimony today--that is, general-purpose forces--would have 44 percent of its aircraft in the reserve forces compared with 33 percent today. Thus, to the extent that a shift toward more use of reserves involves reductions in capability, the concerns about this option are more important. Option III also reduces the number of wing equivalents deployed overseas from 8.3 to 6.8, raising concern about the ability of the Air Force to withstand an initial attack in a sudden war.

As for issues related to the peacetime management of the active and reserve forces, Option III offers pluses and minuses. Reducing the size of the Air Force heightens concern that too few experienced personnel would be available to man the reserves. Option III would also increase the portion of A-10 and F-16 aircraft in the active forces deployed overseas, thereby lengthening overseas tours for active-duty personnel. On the other hand, the option would decrease the proportion of F-111 aircraft deployed overseas. Moreover, it would reduce active requirements for pilots by 450 people, eliminating near-term shortfalls and reducing the expected shortfall in 1994 by about 15 percent.

CONCLUSION

In summary, the Administration currently plans to reduce the size of both the active and reserve portions of the Air Force over the next few years. The options I have discussed today would transfer active aircraft to the reserves. This shift would reverse the decline in the reserves, leading instead to larger reserve forces. The active portion of the Air Force would decline more than the Administration currently plans.

One can reasonably conclude that transfers from active to reserve forces would involve some loss of military capability since the reserves train less. The transfers could also increase the time required to mobilize to fight a major war. Some reserve transfers would also make it more difficult to manage the active forces in peacetime--for example, by increasing overseas tours.

On the other hand, the reserves have a strong record of performance in the missions for which they train. Nor would transfers of this sort represent a fundamental change in U.S. defense strategy. This country already depends on the air reserves for about one-third of its capability in missions accomplished by general-purpose forces. Transfers to the reserves

could also help in solving some current problems of peacetime management. For example, transfers would reduce the shortfall of active-duty pilots.

Moreover, transferring active-duty aircraft to the reserves saves operating dollars. The savings I have discussed are small as a percentage of the total defense operating budget, and entail no procurement savings. However, because of efficiencies from increasing the size of reserve squadrons, reductions in operating costs from eliminating three squadrons of aircraft would be roughly equal to the reductions achieved by the smallest of the three options considered. Yet, aircraft transferred to the reserves would be available when they were most needed--in a major war. Thus, the Congress may wish to consider some additional transfer of active to reserve forces as it seeks ways to hold down U.S. defense spending while minimizing adverse effects on military capability.

APPENDIX TABLES

TABLE A-1. CHANGES IN NUMBERS OF PERSONNEL RELATIVE TO CURRENT ADMINISTRATION PLANS

	Full-Time Active-Duty Personnel			Full-Time Civilian Personnel	Part-Time Reserve		
	Officer	Enlisted	Total		Officer	Enlisted	Total
Option I							
Active Duty	-400	-3,640	-4,030	-180	0	0	0
Air National Guard	70	190	250 <u>a/</u>	460	170	1,910	2,090
Air Force Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	-330	-3,450	-3,780	280	170	1,910	2,090
Option II							
Active Duty	-450	-4,240	-4,680	-200	0	0	0
Air National Guard	60	180	250 <u>a/</u>	420	170	1,790	1,960
Air Force Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>210</u>	<u>50</u>	<u>770</u>	<u>820</u>
Total	-380	-4,060	-4,430	430	220	2,560	2,780
Option III							
Active Duty	-850	-8,830	-9,680	-380	0	0	0
Air National Guard	120	610	720 <u>a/</u>	1,270	500	5,480	5,970
Air Force Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>420</u>	<u>90</u>	<u>1,190</u>	<u>1,280</u>
Total	-730	-8,230	-8,960	1,310	590	6,670	7,250

SOURCE: Congressional Budget Office estimates using Air Force SABLE Model (with adjustments).

NOTE: Details may not add to totals because of rounding.

a. These figures represent active guard or reserve (AGR) personnel.

TABLE A-2. COSTS(+)/SAVINGS(-) RELATIVE TO CURRENT ADMINISTRATION PLANS (By fiscal years and in millions of current dollars)

	1990	1991	1992	1993	1994	Total 1990-1994
Option I						
Active Duty	-140	-290	-300	-310	-320	-1,360
Air National Guard						
Operating	50	110	120	120	120	520
Military construction	20	a/	a/	a/	a/	10
Air Force Reserve	0	0	0	0	0	0
Total	-60	-180	-190	-200	-200	-830
Option II						
Active Duty	-160	-330	-340	-350	-370	-1,550
Air National Guard						
Operating	50	100	110	110	110	480
Military construction	20	a/	a/	a/	a/	10
Air Force Reserve <u>b/</u>	10	30	30	30	30	130
Total	-70	-200	-210	-220	-230	-920
Option III						
Active Duty	-320	-660	-690	-710	-740	-3,120
Air National Guard						
Operating	150	310	310	320	330	1,410
Military construction	100	-10	-10	-10	-10	80
Air Force Reserve <u>b/</u>	20	40	50	50	50	210
Total	-40	-320	-330	-350	-370	-1,420

SOURCE: Congressional Budget Office estimates using Air Force data and model.

NOTE: Details may not add to totals because of rounding.

- a. Savings of less than \$10 million.
- b. The Air Force Reserve reported no need for added construction costs.

TABLE A-3. SENSITIVITY OF COSTS/SAVINGS (+/-) UNDER OPTION I TO CHANGES IN MANPOWER ASSUMPTIONS (By fiscal years and in millions of current dollars)

	1990	1991	1992	1993	1994	Total 1990-1994
Base Case (Assuming Reductions in Active-Duty Personnel)						
Active Duty	-140	-290	-300	-310	-320	-1,360
Air National Guard						
Operating	50	110	120	120	120	520
Military construction	20	a/	a/	a/	a/	10
Total	-60	-180	-190	-200	-200	-830
Base Case (Assuming No Reductions in Active-Duty Personnel)						
Active Duty	-50	-100	-110	-110	-120	-500
Air National Guard						
Operating	50	110	120	120	120	520
Military construction	20	a/	a/	a/	a/	10
Total	30	b/	b/	b/	b/	40

SOURCE: Congressional Budget Office estimates from Air Force SABLE model, with adjustments.

NOTES: All figures are rounded to the nearest \$10 million.
Details may not add to totals because of rounding.

- a. Savings of less than \$10 million.
- b. Costs of less than \$10 million.